

Dissertation

Msc in Management

Title: “Employee engagement and job satisfaction: a research between their relationship in a real context”

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Abstract

The subject of employee engagement and job satisfaction have been thoroughly researched, especially in the current times, where the companies try to hire and keep their best personnel satisfied and engaged, in order to have them more productive and reduce their turnover.

This study aims to explore the relationship between these two variables in a youth-driven organization, AIESEC, which hires young people and students. The relative literature review is presented firstly, and afterwards the methodology of the study, which took place analyzing questionnaires in SPSS, with the method of correlation and regression analysis.

The results and the conclusion are given at the end, along with an extensive reference section, and the appendixes used for the study purposes.

Introduction

Currently, there are many debates going on in Greece, in Europe and globally as for the working conditions and their effects on employee engagement and satisfaction.

The firms try to adapt to the globalized environment, threatened by the current recession, by cutting costs and reducing their personnel, while many also are trying to retain the most valuable and productive of their employees, in order to maintain a good profitability level.

However, to be able to compete effectively in the hard marketplace, most companies tend to reduce their labour costs by cutting a significant number of benefits, e.g. healthcare provisions, with such decisions having as a result workplace disputes and high turnover.

Undoubtedly, in the recent times of the western economic recession, there have been many debates focusing on employees' claims for better working conditions, in terms of compensations and benefits.

The majority of the firms, in Greece and also in Europe, are trying to adjust their business strategies to both the external and internal demands, so they can handle with greater efficiency the risks of the competitive environments in which they operate, by keeping and retaining their best employees, although this seems to be often neglected.

Therefore, in order for the managers to resolve fastly and efficiently such problems, there is a need to embrace the communication with their employees across the firms' various sectors, and invest in human capital by keeping their employees satisfied, happy and engaged.

Employee engagement responds to the emotional connection employees have with their work, by investing their personal physical and emotional energy during their occupation performances (*Kahn, 1990*).

According to *Gallup (2005)*, when employees are showing devotion to their obligations in the workplace, they tend to present more productivity and efficiency to their tasks, and show a desire to stay longer and more loyal to the organization.

Robinson et al (2004, p. ix) are making a claim that '...an engaged employee is aware of the business context, and works with colleagues to improve performance within the job for the benefit of the organization'.

It is thus clear that having engaged employees is a crucial point of the organization. *Abraham (2012)* argues relatively that 'in today's competitive environment, one way to retain people is to have fully engaged employees'. Therefore, employee engagement is often associated with higher productivity, and less turnover, something good for the organization.

However, there are many cases where there is much difficulty for it to happen, as the concept of 'engagement' is often confused and related to 'job satisfaction' by many HR

professionals, which apply criticism to engagement as being only a new aspect(or moniker) of job satisfaction, such as in (*Macey & Schneider, 2008*).

The purpose of this study is to explore the supposed relationship of job satisfaction and engagement of employees. The study has taken place through questionnaires in the well-known students' organization, AIESEC. A literature review follows, along with the methodology and the analysis of the gathered data.

Literature Review

Engagement, in the last decades, is an attractive idea, researched through the great interest that exists in the understanding of how people feel and behave at work.

It is a clear fact, as we saw earlier, that engaged employees usually have a better performance than the one expected, thus resulting in a highly productive personnel as people become excited by their jobs, feel involved in it and show more willingness to dedicate time and extra effort in it (*Macey et al, 2009*).

The conclusions of *Welch & Welch (2006)* are that it should remain one of the main priorities during the implementation of the organizational HR policies, as it will be beneficial, speaking about long-term perspective, and so the need is strong, to recruit and retain highly active personnel that has a clear understanding of the companies' values, its vision and mission, thus being more capable in its accomplishment.

Despite the fact that employee engagement has entered in the HR world quite recently, HR professionals were rapidly interested in it.

(*Macey & Schneider, 2008, p.4*) support that its roots relate heavily to the concepts of “involvement, commitment, passion, enthusiasm, focused effort and energy”. The exact definition of engagement, according to *Kahn (1990)*, is “the harnessing of organization members selves to their work roles. When being in engagement, people employ and express themselves physically, cognitively and emotionally during role performances”.

Another definition of it, described work engagement as “a positive, fulfilling work-related state of mind that is characterized by vigor, dedication and absorption”.

(*Schaufeli et al, 2002, p.74*).

From a psychological viewpoint, employees who are emotionally engaged tend to have good relations, experiencing empathy towards their line managers and colleagues, seeing that those who are cognitively engaged know which exactly is their mission and their job role in the working environment (*Abraham, 2012*).

Many different definitions and arguments are made by many theorists and HR practitioners, however, the general idea of engagement is that it's a positive psychological state, with strong emotional feelings such as passion and enthusiasm for the job, that the employees present, along with their willingness to make many efforts, and even take the extra step, in order to make organizational goals feasible and real (*Albrecht, 2010*). As *Macey et al (2009)* argue, engagement is best characterized as “purpose and focused energy directed toward organizational goals”.

There is still, however a question and a doubt, concerning the engagement's practical value, and if it is an old wine in a new bottle. To clarify this critical for the success of the company factor, HR professionals could distinguish it from the other organizational constructs, i.e. job satisfaction and organizational commitment. The previous statement can be supported by the factor analysis of *Hallberg & Schaufeli (2006)*, which shows that there are distinct features between engagement, organizational commitment and job involvement, although they are closely related.

Clearly, it is important to acknowledge some overlap between these constructs, although we need to remark that engagement deserves high theoretical and practical attention, the same as other established organizational constructs (*Albrecht, 2010*).

Therefore, another important factor in conceptualizing engagement regards to its differentiation between employees, commonly as other constructs (*Thorensen et al, 2003*) in organizational behaviours.

Due to its close alignment with task-specific motivation, engagement is related in equal terms, strongly within the organizations, to specify, appraise and put in context employees' performance. Engaged employees are shown to be highly connected with their job tasks and strive towards task-related goals by performing extra-role behaviours, so they can “free-up” resources linked with operational goals and pursue activities which are not included in their job roles (*Christian et al, 2011*).

Moreover, engagement is often viewed as a state of mind (*Schaufeli et al, 2002*) that is relatively constant but may present rare fluctuations over time. According to (*Albrecht, 2010*), engagement is linked also with high levels of employee well-being, higher productivity, and increased creativity, because of its beneficial contribution to the accomplishment of the organizational goals.

In many recent employee surveys the major focus was on employee satisfaction. As mentioned before, many HR professionals claim that if a company succeeds in achieving high levels of job satisfaction within its personnel, this automatically will bring high levels of engagement. Nevertheless, these are two distinct constructs, often related yet distinctive. Therefore, it is important to clarify their different business outcomes. Accordingly, job satisfaction is defined as a pleasurable and positive emotional state, as a result of an individual's job and job experiences appraisal (*Locke & Henne 1986*).

Employee satisfaction is all about the actions an organization takes in order to satisfy the employees' needs while at work (*Macey et al, 2009*). Individually, an employee tends to deploy positive or negative attitudes towards his/her environment and his/her occupations (*Ellickson, 2002*), and as far as that person's values, needs, or personal characteristics are fulfilled, the higher the levels of his/her job satisfaction that is attained (*Abraham, 2012*).

We can clearly see a close relationship between employee satisfaction and engagement, having as a consequence, the apparent adoption of this relationship by many theorists. (*Maylett and Riboldi, 2008*), for instance, claim that job satisfaction is a key component of employee engagement, whereas *Garg and Kumar (2012)* underline the meaning of work satisfaction as an important driver of engagement, as their research was focused on certain aspects of working issues such as pay and benefits, customer service values, employee opportunities for advancement, and satisfactory working environments, in terms of the relations between workers and supervisors, internal communication effectiveness and reasonable workload. Their findings led them to the conclusion that job satisfaction is a key driver of employee engagement within an organization.

In order to develop a model for the survey goals, the current study utilizes the *Utrecht Work Engagement Survey scale* (*Schaufeli & Bakker, 2003*), because it is superior to fit the three-factor scale structure (absorption, vigor, dedication) to one-factor (engagement) of (*Schaufeli et al, 2002*).

The research framework is based on the idea that job satisfaction is a different construct than work engagement, which is supported by the fact that job satisfaction can be experienced in multiple levels, i.e. facet and global, and has direct affections on individuals' work roles, as it is a function of self-perceptions (*Brief, 1998; Organ & Near, 1985; Spector, 1997*).

On the contrary, engagement relates to the job itself which employees experience, and it is a direct result of their works (*Brief & Weiss, 2002; Eagly & Chaiken, 1993*). Consequently, the focus of this research is to examine if there is, and to what extent, the relationship between the job satisfaction facets, viz. satisfaction with the supervisor, coworkers, (*Hackman & Oldman, 1980*) and employee engagement.

Methodology

The methodology, used for the purpose of the study, follows the principles of a quantitative research method. It was implemented with 120 questionnaires that included equal number (6) of employee engagement and job satisfaction questions based on (*Hackman & Oldman, 1980; UWES, 2003*).

Employee engagement is treated as one item, by taking the mean for the specific answers in each questionnaire and forming a column, while each facet of job satisfaction is treated as a separate item.

Participants had the option to choose one out of five possible answers (Likert scale) for each question, and the results were elaborated with the use of the SPSS statistical package, via correlation and regression analysis. The data is primary and comes from the AIESEC organization (NGO), which is possibly the largest student's organization. The data comes through personal consent of the participants to participate in this research, and concerns participants from Greece. It is treated as “Scale” in the options provided by SPSS.

The control variables of the study are described below:

Age: 18-25 (only students are accepted in the organization)

Gender: Males(43%)-Females(57%)

Professional experience: in most cases acquired in the organization (approximately 90%)

Country: Greece

In terms of the ethics, the researcher has taken into consideration the *EMCC Code of Ethics (2008)* by being committed to act with autonomy, dignity and self-responsibility. All respondents have given their full consent in order to participate in the survey, and also have been informed that the data gathered will be processed solely by the researcher, and only for this study.

Furthermore, anonymity and confidentiality were ensured, as the questionnaires distributed did not require essential information from the employees (e.g. name, job position), so as to protect the organization and individual rights.

Data Analysis and results

In order to address the impact of job satisfaction facets on employee engagement, in the organization, the interpretation of the outcome is done via correlation and regression analysis. The population of the study was 120 employees.

The correlation between employee engagement, which is treated as one item, and job satisfaction, which is also treated here as one item, is shown in the table below.

Correlations

		Employee_E ngagement	Job_Satisfacti on
Employee_Engagem ent	Pearson Correlation	1	,715**
	Sig. (2-tailed)		,000
	N	120	120
Job_Satisfaction	Pearson Correlation	,715**	1
	Sig. (2-tailed)	,000	
	N	120	120

**. Correlation is significant at the 0.01 level (2-tailed).

According to the above table, employee engagement is positively related with job satisfaction with a coefficient of correlation(R value) of 0.715 ($p < 0.01$), meaning that the relationship, explained from this study, between these two variables is 71.5%. It is a high positive correlation between these two variables, which means that high job satisfaction leads to high levels of engagement.

Job satisfaction facets (growth opportunities, job security etc.) are comprised to one value (job satisfaction), by taking all the means from each questionnaire that regard to job satisfaction, thus forming a new column with the means, which values are then correlated with the column of employee engagement.

Additionally, in order to explore the facets' impacts of job satisfaction on employee engagement a linear regression analysis between employee engagement and job satisfaction facets was performed, individually for each facet, and the total results are shown below.

Regression Analysis table

Independent variable	R ²	Beta	t	Sig
Growth Opportunities	0.555	0.458	2.809	0.010
Colleagues	0.275	0.309	2.237	0.019
Job Security	0.649	0.530	3.601	0.007
Compensation	0.306	0.398	2.487	0.018
Supervision	0.198	0.297	2.067	0.030
Performance Recognition	0.379	0.409	2.601	0.016

Dependent variable: Employee engagement, Source: Primary data

The above table illustrates the impact of essential facets (*Hackman & Oldman, 1980*), of job satisfaction in relationship with employee engagement (dependent variable).

Apparently, from the results' table, all the variables are significant at a significance level of 5%. Also, all betas are positive, which gives us a positive relationship between each facet of satisfaction, and engagement.

The most important component, which had an impact on employee engagement, was the job security (64.9%) in employees' occupations within the different departments and roles of the organization (Beta = 0.530, $p < 0.05$).

Accordingly, employees which feel that their job is secure and are not in risk of being fired are more prone to experience high levels of work engagement, and for this reason the administration should properly arrange to apply this situation directly.

Furthermore, growth opportunities also seem to play a major role in employees' engagement. The need of personal development and growth had an impact of 55.5% (Beta= 0.458, $p < 0.05$) on work engagement, and therefore managers need to emphasize in introducing training programs and internal career opportunities (i.e. promotions) that aim in employees' improving and consolidating their skills and experience.

Performance recognition comes third in the significance of the facets, with 37.9% (Beta= 0.409, $p < 0.05$) This percentage combines the feeling employees have, both of worthwhile accomplishments from doing their jobs and the recognition they receive from their colleagues and supervisors. This means that the employees should have a fair treatment concerning their performance, and receive bonuses and awards for their performance, whenever they achieve an objective.

In terms of their compensation package, the respondents' answers indicated that pay and fringe benefits had an impact of 30.6% (Beta= 0.398, $p < 0.05$) on employee engagement, and thus this aspect of employees' occupations is not considerable high to engage them.

Finally, the two most poorly scored facets (colleagues, supervision) are apparently not being regarded as important to trigger employee engagement, due to the fact that satisfaction with the co-workers had an impact of 27.5% (Beta= 0.309, $p < 0.05$) on engagement, and satisfaction with the supervision had an impact of 19.8% (Beta=0.297, $p < 0.05$).

Conclusion

According to all the aforementioned, we can conclude that there is a strong need to emphasize the positive relationship between job satisfaction facets and employee engagement.

The present study outlined the employees' job security and growth opportunities as the major factors managers need to focus on, in order to achieve high levels of working engagement, with performance recognition following.

As *Macey et al (2009)* defined, job satisfaction is the combination of the HR implementation policies to satisfy the employees' needs during their work roles, and therefore a framework that includes internal training scheme and promotion opportunities should be well-planned and established.

In spite of the criticism, by many HR professionals, that engagement could be a new moniker for job satisfaction (*Macey & Schneider, 2008*), the recent findings of the research show that job satisfaction is a key component of employee engagement verifying *Maylett's & Riboldi's (2008)* arguments, and more specifically, satisfaction facets are important to accomplish so they can stimulate employee engagement.

Overall, the relationship between an engaged workforce and an organization becomes a mutually beneficial "win-win" situation as the employees are getting what they desire from their jobs, fulfillment and happiness, and the organization takes what it needs from its workers (*Rice et al, 2012*).

APPENDIX

QUESTIONNAIRE

Employee Engagement (UWES, 2003)

1. At my job, I feel strong and vigorous.
 - a. Strongly agree
 - b. Agree
 - c. Neither agree/disagree
 - d. Disagree
 - e. Strongly disagree

2. I can continue working for very long periods at a time.
 - a. Strongly agree
 - b. Agree
 - c. Neither agree/disagree
 - d. Disagree
 - e. Strongly disagree

3. I find the work that I do full of meaning and purpose.

- a. Strongly agree
- b. Agree
- c. Neither agree/disagree
- d. Disagree
- e. Strongly disagree

4. My job inspires me.

- a. Strongly agree
- b. Agree
- c. Neither agree/disagree
- d. Disagree
- e. Strongly disagree

5. Time flies when I'm working.

- a. Strongly agree
- b. Agree
- c. Neither agree/disagree
- d. Disagree
- e. Strongly disagree

6. I am immersed in my work.

- a. Strongly agree
- b. Agree
- c. Neither agree/disagree
- d. Disagree
- e. Strongly disagree

Job Satisfaction (*Hackman & Oldman, 1980*)

How satisfied are you with these aspects of your job?

7. The amount of personal growth and development I get in doing my job. (Growth Oppor.)

- a. Extremely satisfied
- b. Satisfied
- c. Neutral
- d. Dissatisfied
- e. Extremely dissatisfied

8. The people I talk to and work with on my job. (Colleagues)

- a. Extremely satisfied
- b. Satisfied
- c. Neutral

- d. Dissatisfied
- e. Extremely dissatisfied

9. The amount of job security I have. (Job security)

- a. Extremely satisfied
- b. Satisfied
- c. Neutral
- d. Dissatisfied
- e. Extremely dissatisfied

10. The amount of pay and fringe benefits I receive. (Compensation)

- a. Extremely satisfied
- b. Satisfied
- c. Neutral
- d. Dissatisfied
- e. Extremely dissatisfied

11. The degree of respect and fair treatment I receive from my boss. (Supervision)

- a. Extremely satisfied
- b. Satisfied
- c. Neutral

- d. Dissatisfied
- e. Extremely dissatisfied

12. The feeling of worthwhile accomplishment I get from doing my job. (Performance Rec.)

- a. Extremely satisfied
- b. Satisfied
- c. Neutral
- d. Dissatisfied
- e. Extremely dissatisfied

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